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ZNR UUUUU ZZH  
R 200715Z SEP 07  
FM AMEMBASSY CONAKRY  
TO RUEHC/SECSTATE WASHDC 1657  
INFO RUEHZK/ECOWAS COLLECTIVE

UNCLAS CONAKRY 001056

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E.O. 12598: N/A

TAGS: [EMIN](#) [ECON](#) [ETRD](#) [PGOV](#) [GV](#)

SUBJECT: GLOBAL ALUMINA'S MINING PROJECT VALUED AT \$7 BILLION

**¶1.** (SBU) SUMMARY. Contrary to press reports and statements by Guinean government officials, econoff's visit to Global Alumina revealed that with a \$7 billion investment planned, the company's proposed bauxite refining project is twice as big as anticipated. The project is still in the feasibility study stage, but the project manager expects Global Alumina will ultimately approve the proposal and move forward on the investment. END SUMMARY.

**¶2.** (SBU) On September 10 and 11, Econoff visited government officials and mining projects in the heart of Guinea's bauxite country, Boke and Sangaredi (septels). This area of Guinea is about 3 hours by vehicle north of Conakry, along some of the best maintained and most picturesque roads in Guinea.

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GLOBAL ALUMINA - STRAIGHT TALK FROM SOMEONE WHO KNOWS  
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**¶3.** (SBU) On September 11, Econoff met with Charles Wickwire, the Construction Manager for Bechtel and a 32-year Bechtel veteran, at the Global Alumina (GA) refinery site just outside of Sangaredi. Mr. Wickwire is currently the only AmCit working for Bechtel at this site, along with approximately 800 local hires. Contrary to press reports and assertions by government officials, Mr. Wickwire stated that Global Alumina will not decide to move forward on the refinery project until it reviews the results of the current feasibility study, expected to be completed in April 2008. However, Mr. Wickwire said that because GA had already spent \$230 million on the project, and is keeping 800 people on payroll pending the report, his opinion was that the green light will be forthcoming.

**¶4.** (SBU) Mr. Wickwire contrasted Bechtel's decision to keep Guineans on the payroll with RusAL's unannounced decision to replace all Guineans with Russian expatriates except for basic manual laborers. (NOTE: No mention of RusAL's termination of Guineans has made the local press. END NOTE).

**¶5.** (SBU) Mr. Wickwire revealed that the current refinery project is budgeted at \$3.5 billion, but that the company actually plans to build a second refinery at the same location, also valued at \$3.5 billion. (NOTE: This \$7 billion figure is also contrary to previous media reports of just one \$2.5 billion alumina refinery. END NOTE.) The project will include not only its own water treatment plant, and power generation facilities, but its own air field capable of handling jet aircraft to fly in materials and workers, thereby avoiding the congestion and costs of going through Conakry.

**¶6.** (SBU) When construction gets under way, Mr. Wickwire estimates that 9,000 workers will be employed on-site composed mostly of expatriates, but with a significant Guinean component. He also said that it is likely that an aluminum smelter will be built as a follow-on project, although this would depend on whether the Chinese build the hydro-electric dam at Segouri.

**¶7.** (SBU) Mr. Wickwire related that the refineries will be located in direct proximity to the mines so that the bauxite can be efficiently mined, processed and then shipped via a 14 km rail spur to the main line to Kamsar for export. (NOTE: the rail spur is

currently being built by Chinese company, Henan-China. END NOTE.) In addition, the refineries will be able to receive shipments from CBG's Sangaredi mines via the same rail spur. Finally, if Global Alumina builds a smelter, the rail line would also handle export of the finished aluminum.

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NEW SHERIFF IN TOWN  
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¶8. (SBU) Mr. Wickwire stated that the biggest problem facing the project was corruption, pointing out that he had already been subject to demands for payments, in-kind and cash, from the local prefect and other officials. However, Mr. Wickwire said that Bechtel strictly enforces an anti-corruption policy. While working on a Bechtel project in Equatorial Guinea, Mr. Wickwire said he had been thrown in jail three times for refusing to pay bribes to government officials, and he does not plan to change his position in Guinea.

¶9. (SBU) COMMENT. Guinea is a beautiful country with vast natural resources and enormous potential. Mining continues to dominate the country's economy and new projects on the horizon, such as that of Global Alumina's, will continue to contribute significantly to national revenues. However, corruption ultimately undermines the country's potential, keeping the vast majority of citizens among the poorest in the world. END COMMENT.

BROKENSHIRE